BRITISH COLUMBIA

BC STATS

Service BC
Ministry of Management Services

Infoline

Contact: bcstats.infoline@gems6.gov.bc.ca *Issue: 05-07* *February 18, 2005*

- **Manufacturing shipments down 1.0% in December**
- **Wholesale sales rebound, rising 1.5%**
- **Visitor entries inch up 0.3%**

The Economy

- **Shipments of goods manufactured in the province tapered off in December 2004, falling 1.0% (seasonally adjusted).** The downturn in total shipments occurred due to a slump (-2.5%) in shipments by durable goods manufacturers.

  Shipments by the wood industry, BC's biggest manufacturing industry, plunged (-2.8%) in December, posting the fourth consecutive monthly decline. December was also a weak month for computer & electronic products manufacturers, since they experienced a 9.6% decline in shipments, the biggest drop in the durable goods sector that month. All manufacturers of durable goods saw shipments fall, except for furniture & related (+2.2%) and machinery (+0.3%) products.

  Overall, shipments of non-durable products rose 1.3%, boosted by strong gains in BC's second largest manufacturing industry, the paper industry (+6.8%), although food shipments were off by 1.5%. Shipments by leather & allied producers increased 3.7% and beverage & tobacco shipments were up 1.4%.

  Nationally, total manufacturing shipments edged down 0.2%. The downturn was widespread, with all but four provinces posting declines. Both Ontario (+0.3%) and Quebec (+0.3%) escaped the overall slump. Shipments fell at rates ranging from -8.0% in New Brunswick to -0.1% in Alberta. *Data Source: Statistics Canada*

- **Wholesale sales in the province rebounded in December, up 1.5% from the November level (seasonally adjusted).** Nationally, wholesale sales rose 1.1%. Wholesalers in Alberta (+3.6%) and Newfoundland (+3.4%) saw particularly large increases, but sales were off in Saskatchewan (-6.7%), Nova Scotia (-6.1%), and Quebec (-0.3%). *Data Source: Statistics Canada*

- **Sales of new motor vehicles in BC slipped (-0.5%, seasonally adjusted) in December, as fewer new vehicles were driven off car lots across the country.** Overall, sales were down 3.1% nationally, with all but three provinces (Prince Edward Island (+14.1%), New Brunswick (+2.1%), and Manitoba (+0.6%)) posting declines. *Data Source: Statistics Canada*

2004 in Review

- **BC manufacturers shipped $42.2 billion worth of goods in 2004, 13.5% more than in the previous year**. This was the biggest jump recorded since 1999. Strong global demand, especially from the United States and China, played an important role in the jump. However, the strong Canadian dollar partly offset the growth in the second half of the year. Much of the province's production is destined for use outside the country, and a high dollar means that BC producers earn less for their products.

  The wood industry experienced a productive year in 2004, with wood shipments showing the biggest year-over-year jump (+31.0%) since 1993. This was due in part to a 17.8% jump in the price of BC softwood lumber in 2004. Producers of pulp and paper products saw shipments rise 4.1%, while shipments by food manufacturers increased by 3.1%.

  Data Source: Statistics Canada

- **Canadian manufacturers fared well in 2004, with the total value of shipments leaping 8.4% during the year.** Manufacturers of petroleum & coal (+21.8%), wood (+19.7%), and primary metals (+18.7%) were the top performers in 2004. Canada's computer and electronics industry finally emerged from a three-

Report Canadians Are Becoming Choosier as Travellers

Did you know...
According to the UNESCO Global Study, by the time the average North American child graduates from high school, he or she will have: watched 15,000 hours of television; seen 350,000 commercials; watched 40,000 violent deaths; listened to 10,500 hours of pop music; and attended 400 movies.

year-long downturn, posting a solid gain (+6.8%) in 2004. Sixteen of the 21 industries in the manufacturing sector saw the value of shipments increase during 2004.

For the first time in four years, all provinces registered annual shipment increases, ranging from highs of +22.4% in Saskatchewan and +14.6% in Alberta to lows of +4.9% in Prince Edward Island and +6.6% in Quebec.

Data Source: Statistics Canada

- **British Columbia wholesale sales expanded 9.6% in 2004, well above the 3.8% growth experienced a year earlier.** Nationally, sales rose 6.6%, with only Nova Scotia (-5.9%), New Brunswick (-1.1%) and Newfoundland (-0.4%) losing ground. Alberta (+13.0%) was the only province to exceed BC's growth rate in 2004. *Data Source: Statistics Canada*

- **There were over 181,000 new motor vehicles sold in BC in 2004, virtually unchanged (+0.4%) from the year before.** Both North American (+0.3%) and overseas (+0.5%) vehicles sales advanced marginally.

  New passenger car sales (+1.8%) contributed to the overall increase, while truck sales (-1.0%) were weak in 2004. Over the last six years, there has been a clear change in consumer preference as more BC consumers are picking passenger cars over trucks and vans. New car sales increased 40.8% between 1998 and 2004, while truck sales expanded a mere 8.8%. Soaring gas prices probably explain part of this trend. However, the market share of trucks and vans (49%) is still much higher than in the 1980s, when they typically made up only about 30% of new vehicle sales in BC. *Data Source: Statistics Canada*

- **Canadian new motor vehicles sales fell 3.1% to 1,575,242 units in 2004, as activity at car dealerships shrank in every province except BC (+0.4%) and Alberta (+0.9%).** Newfoundland (-9.9%) and New Brunswick (-7.7%) posted the largest declines. Different from the recent trend in BC, the decline in Canadian sales was attributable to new passenger car sales, which plunged 5.2% from 2003 to 820,102 units. In contrast, Canadian sales of new trucks and vans were only down 0.8% to 755,140 units in 2004. *Data Source: Statistics Canada*

Tourism

- **The number of non-residents crossing the border into Canada via BC inched up 0.3% (seasonally adjusted) in December, largely due to an upturn in entries from overseas travellers (+2.2%).** European visitor entries jumped 8.8% led by an increase in travellers from Germany (+6.3%) and the UK (+3.7%). The overall drop of 1.9% in the number of Asian visitors was due to substantially less travel from Japan (-5.8%), Hong Kong (-2.5%) and Taiwan (-1.9%). The number of visitors from Australia, New Zealand and the South Pacific edged up 0.7%. Both same-day (-1.6%) and overnight (-1.6%) visits from the United States fell.

  While the number of visitors entering Canada via BC border crossings was lower in December, the number of Canadians travelling abroad increased 3.6%. *Data Source: Statistics Canada & BC Stats*

- **BC's hotel occupancy was 46.6% in December, a full 2.7 percentage point above December of the previous year.** The national hotel occupancy rate rose 1.2 percentage points in December. Higher growth was experienced in Manitoba (up by 3.6 points), BC (up by 2.7 points) and Alberta (excluding resorts, up by 2.0 points). Average room rates in BC ($116.90) were 3.4% higher than in the same month last year. *Data source: Pannell Kerr Forster Consulting Inc.*

The Nation

- **Canadian stock prices increased considerably as foreign investors purchased $4.6 billion of Canadian stock in December, up from $1.7 billion the month before.** However, foreign investors reduced their holdings of Canadian bonds by $321 million. *Data Source: Statistics Canada*

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For data originating from Statistics Canada, data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the catalogue number.

Infoline Report

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Canadians Are Becoming Choosier as Travellers

Overseas travel has an enduring importance and allure that many Canadians can not resist. International destinations other than the US appeal to a wide range of Canadian travellers, due to their unique combination of culture, history, cuisine and beautiful sandy beaches.

Strong growth in Canadian travel overseas

Canadians made a record 5.1 million trips to overseas destinations in 2003, up 8% from the previous year. This was mainly due to a jump of over 16% in the number of pleasure trips.

International travel to countries other than the US has been on the rise throughout most of the 1992 to 2003 period (up over 60% since 1992) as Canadians continued to travel to their favourite destinations as well as discover new ones.

Possible reasons for this increase could be the positive growth in the economy and a stronger Canadian dollar as well as the rising importance and sophistication of travel Internet sites helping customers make better informed and faster choices.

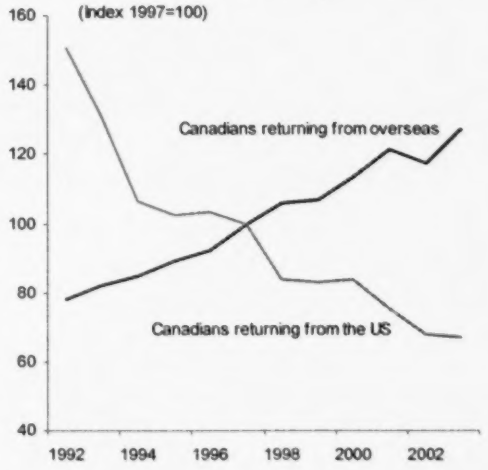
Statistics suggest that Canadians have one of the highest rates of Internet use in the world, with approximately 70% of the population having access to this technology, of which over 50% have broadband access. It is estimated that new technology will bring broadband Internet access to almost every community in Canada by 2006 and that could have an increasing impact on the way Canadians will manage their travelling dollars.

Also contributing to the increase in overseas travel is the higher number of students spending a semester, or even a year, studying abroad at the encouragement of most Canadian Universities. The National British Tourism authority reported an increase of study visits by Canadian students to Britain from 1,000 in 1999 to 6,000 in 2003.

Travel to the US is declining, but still accounts for the majority of the trips abroad

Trips by Canadians to the United States fell 1.3% (same-day and overnight) in 2003. The downward trend in overnight trips to the US that began in 2000 continued in 2003, with a 2.8% drop, while same day trips remained virtually unchanged (-0.2%) compared to 2002.

Canadian Interest in Overseas Travel Is Increasing



The strength of the Canadian economy, and the recent appreciation of the loonie, should encourage more travel to the US. However, a trend has been established over the past five years whereby more Canadians are travelling to countries other than the US.

The US is still the most popular destination for Canadian travellers. Close to nine out of ten trips made by Canadians are to US destinations.

The fact that the number of trips to the US fell instead of increasing, despite the rise of the Canadian dollar vis-à-vis the US greenback, suggests that preferences and trends in travel are not always driven by monetary concerns.

The increased waiting time at the US border might explain the lower travel flow towards the US. However, the trend points to a change in Canadians' preference towards international travel.

Popular travel destinations for Canadians

Based on the latest statistics, Canadians are moving away from traditionally sought after US destinations. A few weeks south of the border simply does not do it for many Canadians any more.7

Popular European destinations such as the U.K., France, Germany and Italy are still receiving attention from Canadians, but new ones are rapidly coming into vogue.

In 2003, 684,000 Canadian residents crossed the UK's border, a 5.1% increase from 607,000 in 2002, which positioned the country as the second most popular destination for Canadian tourists.

Top six non-US countries visited by Canadian residents, 2002 and 2003

Overnight Visits	2002	2003	2002 to 2003
	thousands		% Change
Mexico	607	716	17.9
UK	720	684	-5.1
France	505	509	0.7
Cuba	331	495	49.4
Dominican Republic	319	415	29.8
Germany	255	331	29.7

Source Statistics Canada

The main attractions of Britain for Canadians remain history, heritage and culture, while some of the negative images are bad weather, lower comfort factors than in North America and a perception of the country as an expensive destination.

Although the demand for travel to the UK and Europe is still strong, especially from Ontario, Alberta and British Columbia, the growth in traffic in the long term will depend on economic conditions.

A growing number of Canadians are choosing different parts of the world as their travel destinations. In 2003, Mexico was the most popular non-US destination, welcoming 716,000 Canadians, 17.9% more than in 2002. Mexico was the second most preferred destination in 2002 after the UK, receiving 607,000 visitors, an 11.8% drop from the pervious year.

From 1992 to 2002 Mexico managed to attract close to 58% more Canadians due to a competitive advantage for leisure and business visitors alike. The Mexican government's support for business tourism, a wide diversity of attractions, a geographic location that caters to North American visitors, systematic promotion of the country abroad as well as improved visitor's security helped Mexico become a very popular destination, especially during winter months when Canadians travel to escape the cold weather.

Newly emerging travel destinations for Canadians

Over the last decade, an increasing number of Canadians travelled to Cuba and the Dominican Republic, substituting for sunny destinations such as Florida.

In 2003, 495,000 Canadians visited Cuba, close to a 50% increase from the previous year. The Dominican Republic was popular as well, welcoming 415,000 Canadians, an increase of over 29% from 2002. The increased popularity of these countries suggests a possible positive

change of visitors' perceptions. More Canadians are choosing Cuba and the Dominican Republic as their leisure destination because they are perceived as safer, as well as better value for their money, than in the past.

It is difficult to say whether or not future trends in overseas travel will change dramatically. Further appreciation of the Canadian dollar and the close proximity of the two countries might help make the US more appealing to Canadian travellers.

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BC at a glance . . .

POPULATION (thousands)	Oct 1/04	% change on one year ago
BC	4,209.9	1.1
Canada	32,040.3	0.9
GDP and INCOME		
(BC - at market prices)	2003	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	145,550	5.2
GDP *($ 1997 millions)*	133,600	2.5
GDP *($ 1997 per Capita)*	32,175	1.6
Personal Disposable Income *($ 1997 per Capita)*	19,758	0.3
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Dec	3,595	-1.0
Merchandise Exports - Dec	2,617	0.9
Retail Sales - Nov	3,964	-1.2
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	Dec '04	% change
BC	123.5	2.0
Canada	125.4	1.8
LABOUR FORCE (thousands)		
(seasonally adjusted)	Jan '05	% change on prev. month
Labour Force - BC	2,237	0.4
Employed - BC	2,092	0.1
Unemployed - BC	145	4.7
		Dec '04
Unemployment Rate - BC *(percent)*	6.5	6.2
Unemployment Rate - Canada *(percent)*	7.0	7.0
INTEREST RATES (percent)	Feb 16/05	Feb 18/04
Prime Business Rate	4.25	4.25
Conventional Mortgages - 1 year	4.80	4.30
- 5 year	6.05	5.80
US/CANADA EXCHANGE RATE	Feb 16/05	Feb 18/04
(avg. noon spot rate) Cdn $	1.2424	1.3180
US $ *(reciprocal of the closing rate)*	0.8083	0.7548
AVERAGE WEEKLY WAGE RATE		
(industrial aggregate - dollars)	Jan '05	% change on one year ago
BC	708.09	4.3
Canada	694.47	3.0

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

Check it out!

Aboriginal Profiles

Statistical Profiles by College Region With Emphasis on Labour Market and Post-Secondary Education Issues

These profiles provide comparisons of the socio-economic conditions of the on-reserve and off-reserve aboriginal populations as well as the non-aboriginal population by College Region. Data are from the 1996 and 2001 Census, Statistics Canada.

http://www.bcstats.gov.bc.ca/...

data/cen01/abor/ap_main.htm

Released this week by BC STATS

- No statistical releases

Next week

- Quarterly Regional Statistics, 4th Quarter 2004

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